

Dear:

Thank you for your inquiry regarding the use of salt domes in Perry County for an expansion of the U.S. Strategic Petroleum Reserve. This initiative was announced on February 14, 2007, by U.S. Secretary of Energy Samuel W. Bodman at a public ceremony held at the University of Southern Mississippi in Hattiesburg, an event that was well-covered by local, regional, state and national media.

Secretary Bodman said then, "The Strategic Petroleum Reserve is a national asset intended to protect the U.S. against severe supply disruptions that could harm our economy and threaten our national security. Today's designation of Richton, MS as the home of the fifth site of our nation's Strategic Petroleum Reserve will make America stronger, and make her a more secure and prosperous nation."

I agree with those sentiments because building strategic energy supplies is good national security policy, and Mississippi is well equipped to play a significant role. This \$3 billion project will provide 500 construction jobs during a four to five year construction phase, with anticipated wages of \$825 million; at operation there will be 100 permanent jobs with annual wages of \$5 million. Working in conjunction with the other four Strategic Petroleum Reserve sites in the U.S., the Mississippi site will help ensure an adequate crude oil emergency reserve, be an enormous economic boost for south Mississippi, and propel our state into the forefront in protecting and preserving vital national energy resources.

Despite the fact that this project was announced nearly a year ago, I am aware that some environmental concerns have been raised recently regarding some technical aspects. This is not unexpected because the magnitude of this project requires thorough and comprehensive planning and involvement by many interests; the purpose of advance planning is to make this project as safe and secure as humanly possible while protecting our precious natural resources.

You may be interested to know that prior to selecting the Richton site the Department of Energy (DOE) completed an environmental impact statement (EIS) on the potential impact to the environment. The completed EIS included a plan to withdraw water from the Leaf River as a means of carving out the salt domes to accommodate petroleum reserves.

Through consultation with the U.S. Fish and Wildlife Service and the Mississippi Department of Environmental Quality, DOE is now concerned about potential impacts to endangered species and the environment due to withdrawing water from the Leaf River. Because of this, DOE is now considering studying the withdrawal of water from the Pascagoula River, which requires a supplement to the original EIS to be prepared.

This will require a very thorough and formalized public process that will provide ample opportunity for citizens to learn about the project, make comments and request DOE to address concerns. In addition, DOE will be required to go through an extensive

permitting process with a number of federal and state agencies to address an approach to both water withdrawal and brine disposal in a manner that protects the delicate river basin and gulf ecologies.

I believe it is in Mississippi's best interests for this project to reach fruition and I agree it must be done in an environmentally responsible manner. I value your views and will continue to monitor developments in the days ahead.